Erie County Department of Mental Health
HUD Grant Policy and Procedures

Title: Guidelines for Rent Reasonableness Determinations	**No. 3.0**
Applicability: S+C and SHP Projects	**Date Issued: 10/27/2004**
Reference: SHP/S+C Desk Guides	**Date Revised: 11/22/05**

PURPOSE: To delineate the rationale and requirements for the determination and certification of rent reasonableness.

PROCEDURE:

1. The portion of rent paid with grant funds may not exceed HUD-determined fair market rents (FMRs). FMRs are gross rent estimates and include the cost of shelter and utilities. FMRs are also published annually and should be used in estimating leasing costs (http://www.huduser.org/datasets/fmr.html). (Provider agencies must also consider budgetary limitations given that grant allocations are based on the FMR at the time of application and modified only when a grant is renewed.)

2. The rent paid must be reasonable in relation to rents being charged in the area for comparable space. The rent may not exceed rents being charged for comparable space.

3. In the event that an apartment's contract rent exceeds the FMR, the provider must document and certify that the rent is reasonable before entering into an agreement with the landlord.

4. Using the "Rent Reasonableness Worksheet" the provider must document a comparison of the selected unit with 3 other comparable units in terms of size, location, and amenities. If evidence exists that comparable units are charged the same contract rent, then the provider may certify that the rent is reasonable.

5. In these cases where the contract rent exceeds the FMR, the tenants chart must include the "Rent Reasonableness Worksheet & Certification" forms.

6. The tenant is responsible for payment of the any amount that exceeds the FMR. The provider may use HUD grant funds up to the FMR for that apartment.

7. Rent Reasonableness Certification should be updated annually along with the income verification and rental stipend calculations.